Loss from Aryan Coal Company

†427. SHRI BALAVANT *ALIAS* BAL APTE:
SHRI SHREEGOPAL VYAS:

Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that the State of Gujarat is incurring a loss of Rs. 700 crore every year from Aryan Coal Company;

(b) if so, the reasons for this loss;

(c) whether necessary steps have been taken to reduce this loss; and

(d) the clarifications thereon?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYAN RAO): (a) to (d) Linked quantity of coal is supplied by the South Eastern Coalfields Limited to the State Electricity Utilities of Government of Gujarat. The consumer in turn is getting this coal processed from the washery of which is the prerogative of the consumer. The concerned coal company and Ministry of Coal have no information regarding the State Government of Gujarat incurring a loss of Rs. 700 crores every year on account of such washing of coal from M/s. Aryan Coal Beneficiation Private Limited.

New Coal Policy

†428. SHRI DATTA MEGHE: Will the PRIME MINISTER be pleased to state:

(a) whether Government have considered afresh on the question of distribution and sale of coal under the new Coal Policy;

(b) if so, the details of this new arrangement; and

(c) the companies which have shown inefficiency in mining and production of Coal from Coal blocks and the steps taken against them?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYAN RAO): (a) and (b) Yes, Sir. The New Coal Distribution Policy has been announced by the Government on 18th October, 2007. The salient features of the new policy are given below:—

(i) The existing classification of consumers into Core and Non-core has been reviewed and it has now been decided to dispense with the same. Instead, each sector/consumers would be treated on merit keeping in view, *inter-alia*, the regulatory provisions applicable thereto and other relevant factors.

(ii) Requirements of defence sector and Railways will be met in full at notified price, as at present.

(iii) While 100% of the quantity as per the normative requirement of the Power Utilities including Independent Power Producers (IIPs)/Captive Power Plants (CPPs) and Fertilizer Sector consumers would be considered for supply of coal, through Fuel Supply Agreement (FSA) by Coal India Limited (CIL), 75% of the quantity as per the normative requirement of the Other consumers/actual users would be considered for supply of coal through FSA at fixed prices to be declared/notified by CIL.

†Original notice of the question was received in Hindi.

(iv) Enhancement of present cap of 500 tonnes per annum to 4200 tonnes per annum for the small and medium sector consumers. The earmarked quantity would be distributed through State Government agencies, Central Government agencies or industry associations as notified by the State Governments. The quantity earmarked for distribution to these agencies would also be increased to 8 million tonnes annually, to start with.

(v) The linkage system will be replaced with a more transparent bilateral commercial arrangement of enforceable Fuel Supply Agreement FSAs.

(vi) The Letter of Assurance (LoA) to be issued to new consumers now pursuant to the new policy will have a validity of 24 months for consumers/applicants of Power Utilities, CPPs and IPPs and 12 months for other consumers instead of 30 months as earlier. The allottee of LoA would be required to fulfill certain stipulated conditions and meet the milestones within this period and there upon approach coal companies for entering into FSA.

(vii) E-auction scheme for distribution of coal to introduced to provide access to such consumers, who are unable to source coal through available institutional mechanisms.

(viii) CIL would undertake verification of such consumers of erstwhile non-core sector consumers, in a time bound manner, either directly or through an agency, so as to check the veracity of their claim of being bonafide consumers of coal and thereafter act accordingly.

(c) Five captive coal blocks have been de-allocated by the Government so far, for various reasons, including slow progress in development of the allocated blocks. Details are given below:—

Sl. No.	Name of the Company	Name of the captive Coal block
1.	M/s. Kalinga Power Corporation Ltd.	Utkal-A
2.	M/s. Talcher Mining Pvt. Ltd.	Utkal-B1
3.	Lloyds Metals and Engineers Ltd.	Takli-Jena-Belora North
4.	M/s. Garuda Clays Ltd.	West of Umeria
5.	Shree Radhey Industries	Panchbahani

Further, the following measures have been taken by the Government to speed up development of allocated coal blocks:

(i) A system of submission of bank guarantee by the private sector allocates has been introduced from the year 2005.

(ii) Monitoring of progress of development of captive blocks by a Committee under the Chairmanship of Additional Secretary (Coal) which, *inter-alia*, consider genuine problem of allocates and efforts are made to sort them out, in consultation with the concerned State Government.

(iii) Decision has also been taken to further strengthen the monitoring process by reviewing the delays, on year basis, in achievements of milestones *vis-a-vis* normative scheduled fixed for them.